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TAGS: [EFIN](#) [KTFN](#) [PREL](#) [MNUC](#) [PTER](#) [EU](#) [IR](#) [UK](#)
SUBJECT: IRAN: EU BANK MELLI DESIGNATION PUSHED TO MID/LATE
JUNE; DATE WILL HINGE ON TEHRAN RESPONSE TO P5+1 PACKAGE

REF: LONDON 1204

Classified By: Classified By: Political Counselor Rick Mills for reason
s 1.4 (b) and (d)

¶1. (S) Foreign and Commonwealth Office (FCO) working level contacts on May 19 told Embassy London Iran Watcher (Poloff) that, although the EU has agreed politically to designate Bank Melli, the EU has pushed the expected designation date, previously set for May 19 (ref), back to mid- or late June, to avoid disrupting delivery in Tehran of, and Iran's response to, the new P5 1 incentives package.

P5 1 Package First, Then Melli Designation

¶2. (S) Citing informal senior level exchanges in recent days among P5 1 partners and selected EU capitals, FCO contacts in the Iran Coordination Group and in Political Director Mark Lyall Grant's office said the Melli designation, though agreed upon by all EU governments, for maximum effectiveness will not precede the incentives package, and will not be voted on until after Tehran receives, and has time to react to, the incentives package. These May 19 FCO comments by FCO appeared consistent with substance of the May 16 meeting in London between Acting Undersecretary Rood and Political Director Lyall Grant (to be reported septel).

Designation Expected in Four to Six weeks

¶3. (S) A Lyall Grant advisor told Poloff that, were Tehran to reject the package immediately, the EU would not wait, but would follow immediately with the Melli designation; he noted the EU holds several ministerial-level meetings a month and that any such meeting could enact the designation immediately if necessary. The advisor added it may well take four weeks to orchestrate and execute all aspects of a group delivery in Tehran of the P5 1 offer, thus pushing the Melli designation, even in the event of an immediate Iranian rejection, into mid-June at the earliest. He said that, even if Tehran takes its time in responding, EU designation should in any case occur no later than the General Affairs ministerial scheduled for the last week in June.

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